

Opening Statement of Chairman Bob Latta
Subcommittee on Digital Commerce and Consumer Protection
“Perspectives on Reform of the CFIUS Review Process”
April 26, 2018

(As prepared for delivery)

Good morning and thank you to our witnesses for being here today to discuss proposed reform of the Committee on Foreign Investment in the United States, or CFIUS. CFIUS was first established by Executive Order by President Ford. Over the years, the Committee was codified and its members expanded based on input from this Committee under both Republican and Democratic leadership.

CFIUS is tasked with reviewing mergers, acquisitions or takeovers of U.S. businesses by foreign persons to see if they pose a threat to our national security. If CFIUS determines that a transaction does threaten national security, it can negotiate changes to the terms of a proposed deal. Alternatively, the Committee can recommend that the President block a proposed deal.

Until recently Presidents have generally not found it necessary to block proposed foreign purchases of, or controlling interests in, U.S. assets. However, in the last six years Presidents from both parties have blocked a total of four proposed transactions.

The increase in Presidential action to stop foreign takeovers of American companies is one indication of how the world has changed. Foreign direct investment in the United States in 2016 doubled over the previous 10 years. In addition to an increase in monetary investments, foreign investments have also taken new forms—including the joint venture.

While more foreign investment in America is generally a good thing when more jobs are created for our citizens, concerns have arisen that some other investments could be the work of foreign governments that

want access to advanced U.S. technology or infrastructure. If America's international competitors lack the ability to develop their own technology they may find it easier to buy it by acquiring an American business. Or, they might seek to purchase critical U.S infrastructure as way to harm American interests.

CFIUS is the organization charged with examining who is investing in national security related U.S. companies, and why. Today, we are going to examine whether CFIUS has the proper tools to do that job, what tasks are already assigned to other government bodies—including export control agencies—and what steps are already being taken through regulation to reform CFIUS.

The most important job of Congress is to ensure the safety and security of our nation. Whether through the CFIUS process, or other government programs, it is our duty to be vigilant for the American people. Our security, both economic and national, secures the freedom that helps Americans thrive.

I look forward to hearing from our witnesses today on their thoughts on reform proposals for CFIUS, in particular H.R. 4311, the Foreign Investment Risk Review Modernization Act of 2017, and what other considerations policymakers should keep in mind during this debate.

Thank you and I yield now to the Ranking Member.